

## MONTHLY OPERATING REPORT

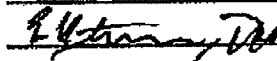
## CHAPTER 11

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period May 1 to May 31, 200 9Mark One Box For Each  
Required Report/DocumentTHIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.  
The debtor must attach each of the following reports unless the  
United States Trustee has waived the requirement in writing. File original  
with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
(x)	( )	Comparative Balance Sheet (Form 2-B)
(x)	( )	Profit and Loss Statement (Form 2-C)
(x)	( )	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	( )	Supporting Schedules (Form 2-E)
(x)	( )	Narrative (Form 2-F)
(x)	( )	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Financial Report and any  
attachments thereto, are true and correct to the best of my knowledge and belief.Executed on: June 23, 2009Debtor(s)\*: Warehouse 86, LLC

By:\*\*

Position: Chief Financial OfficerName of Preparer: Ernest K. Strahan, IIITelephone No.  
of Preparer: 901-628-8545

\*both debtors must sign if a joint petition

\*\*for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

	Filing Date									
	11/04/08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	Month	Month	Month	Month
<b>ASSETS:</b>										
<b>CURRENT ASSETS:</b>										
Cash	89,361	241,228	217,930	181,996	157,703	157,468			158,324	
Accounts Receivable, Net	152,270	2,704	611	611	611	611			611	
Inventory, at lower of cost or market	73,633	0	0	0	0	0			0	
Prepaid expenses & deposits	103,702	77,502	117,502	117,502	117,502	117,502			117,502	
Other										
<b>TOTAL CURRENT ASSETS</b>	<b>418,966</b>	<b>321,434</b>	<b>336,043</b>	<b>280,109</b>	<b>275,816</b>	<b>275,581</b>			<b>276,437</b>	
<b>PROPERTY, PLANT &amp; EQUIPMENT**</b>	<b>2,178,073</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	
Less accumulated depreciation	-1,124,978	0	0	0	0	0			0	
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>1,053,096</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	
<b>OTHER ASSETS</b>										
Interests in incorporated businesses	6,573	3,095	0	0	0	0			0	
Insurance claim from tornado & fire, registered name, customer lists										
(unknown)										
<b>TOTAL OTHER ASSETS</b>	<b>6,573</b>	<b>3,095</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	
<b>TOTAL ASSETS</b>	<b>1,478,634</b>	<b>324,529</b>	<b>336,043</b>	<b>280,109</b>	<b>275,816</b>	<b>275,581</b>			<b>276,437</b>	

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

\*\*This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

Filing Date	Month		Month		Month		Month		Month	
	11/04/08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Month	Month	Month
<b>LIABILITIES:</b>										
POST-PETITION LIABILITIES ***										
Taxes Payable (FORM 2-E, P. 1 of 3)		1,096	0	0	0	0	0	0	0	-
Accounts Payable (FORM 2-E, P. 1 of 3)*	0	20,791	54,751	1,981	242	(73)	(73)	(73)	(73)	27
Other - DIP Loan		-	0	0	0	0	0	0	0	-
TOTAL POST-PETITION LIABILITIES	0	21,887	54,751	1,981	242	(73)	(73)	(73)	(73)	27
PRE-PETITION LIABILITIES ***										
Notes Payable-Secured	1,294,902	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Unsecured Debt**	2,562,082	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,486
Other										
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,547,903	2,547,903	2,547,903	2,547,903	2,547,903	2,547,903	2,548,218	2,548,218	2,548,218
TOTAL LIABILITIES	3,854,984	2,569,790	2,602,654	2,549,884	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,245
<b>EQUITY (DEFICIT)</b>										
PREFERRED STOCK										
COMMON STOCK										
PAID-IN CAPITAL										
RETAINED EARNINGS										
Through Filing Date	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	#####	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)
Post Filing Date		131,089	109,739	106,575	104,021	103,786	103,786	103,786	103,786	104,542
TOTAL EQUITY (NET WORTH)	(2,376,350)	(2,245,261)	(2,266,611)	(2,269,775)	#####	(2,272,564)	(2,272,564)	(2,272,564)	(2,272,564)	(2,271,808)
TOTAL LIABILITIES & EQUITY	1,478,634	324,529	336,043	280,109	275,816	275,581	275,581	275,581	275,581	276,437

\*Reflects disputed insurance charge

\*\*Reflects payment of utility charges and insurance premiums pursuant to court order

\*\*\*Reflects updated November pre and post-petition liability balances due to final reconciliation.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

**PROFIT AND LOSS STATEMENT**

	Month	Month	Month	Month	Month	Month
	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09
<b>NET REVENUE</b>	270,952	(51)	0	0	0	0
<b><u>COST OF GOODS SOLD:</u></b>						
Material	213,689	0	0	0	0	0
Labor-Direct	28,043	0	0	0	0	0
Overhead	74,502	125	0	0	0	-930
<b>TOTAL COST OF GOODS SOLD</b>	316,234	125	0	0	0	-930
<b>GROSS PROFIT</b>	(45,282)	(176)	0	0	0	930
<b><u>OPERATING EXPENSES</u></b>						
Selling & Marketing						
General & Administration (Rents, utilities, salaries, etc.)	51,881	15,349	3,195	2,288	5	
Other						
<b>TOTAL OPERATING EXPENSES</b>	51,881	15,349	3,195	2,288	5	-
<b>INTEREST EXPENSE</b>	986	298	234	0	230	174
<b>INCOME BEFORE DEPRECIATION OR TAXES</b>	(98,149)	(15,823)	(3,429)	(2,288)	(235)	756
<b><u>DEPRECIATION OR AMORTIZATION:</u></b>						
OTHER INCOME	7,436	0	0	0	0	
	529,079	0	0	0	0	
<b>GAIN/LOSS ON DISPOSAL OF FIXED ASSETS</b>	126,097	0	0	0	0	
<b>NET INCOME (LOSS)</b>	297,397	(15,823)	(3,429)	(2,288)	(235)	756

\*Requires explanation in NARRATIVE (FORM 2-F).

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period May 1 to May 31, 200 9**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		<u>\$ 157,468</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	<u>\$ 1,030</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	<u>\$ 174</u>	
4.	Net Cash Flow		<u>\$ 856</u>
5.	Ending Cash Balance (to FORM 2-B)		<u><u>\$ 158,324</u></u>

**CASH SUMMARY - ENDING BALANCE**

	<u>Amount*</u>	<u>Financial Institution</u>
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt
6. Sweep Account	\$ -	Bank of America
7. Operating Account	\$ 145,398	Bank of America-DIP
8. Payroll Account	\$ 12,926	Bank of America-DIP Payroll
TOTAL (must agree with line 5 above)	<u>\$ 158,324</u>	

\*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

**ADJUSTED CASH DISBURSEMENTS**

Cash disbursements on Line 3 above less  
inter-account transfers & UST fees paid \$ 174

\*NOTE: This amount should be used to  
determine UST quarterly fees due and agree  
with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED MAY 2009

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 27,100			
February	\$ 55,934			
March	\$ 4,487			
Total				
1st Quarter	\$ 87,521	\$		
April	\$ 1,286			
May	\$ 174			
June	\$			
Total				
2nd Quarter	\$ 1,460	\$		
July	\$			
August	\$			
September	\$			
Total				
3rd Quarter	\$ 0			
October	\$			
November	\$			
December	\$			
Total				
4th Quarter	\$ 0	\$		

Fee Schedule  
DISBURSEMENT CATEGORY

## QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$8,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

\*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period May 1 to May 31, 200 9Account Name: DIP-Payroll Account Account Number: 3755551966**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
05/05/2009	ADP-returned payroll check	18.47

Total Cash Receipts \$ 18.47

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period May 1 to May 31, 200 9

Account Name: Bank of America-DIP Account Number: 3755551953

**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
5/1/09	Marchetti Robertson-insurance refund	1,011.28

Total Cash Receipts \$ 1,011.28



CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

### CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period May 1 to May 31, 200 9

Account Name: DIP-General Account Account Number: 3755551953

### CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
05/01/2009		Bank of America	bank charges	\$148.30

Total Cash Disbursements \$148.30

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)For Period May 1 to May 31, 200 9Account Name: DIP-Payroll Account Account Number: 3755551986**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
05/01/2009		Bank of America	service charge	25.74

Total Cash Disbursements \$ 25.74

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.





CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

**SUPPORTING SCHEDULES**

For Period May 1 to May 31, 2009

**INSURANCE SCHEDULE**

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

\*\*Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

**NARRATIVE STATEMENT**

For Period May 1 to May 31, 2009

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

[illegible]

**Bank of America**

CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406

Account Number 3755551966  
01 01 152 01 M0000 E# 0  
Last Statement: 04/30/2009  
This Statement: 05/29/2009

H

Customer Service  
1-877-757-8233

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION 08-03423  
PAYROLL ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

## ANALYZED CHECKING

### Account Summary Information

Statement Period 05/01/2009 - 05/29/2009	Statement Beginning Balance	12,933.09
Number of Deposits/Credits 1	Amount of Deposits/Credits	18.47
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	25.74
	Statement Ending Balance	12,925.82
Number of Enclosures 0	Service Charge	.00

### Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/05		18.47	ADP TX/FINCL SVC DES:ADP - TAX ID:655020481594Y73 INDN:WAREHOUSE 86 LLC WAREH CO ID:9333006057 CCD	2401636451

### Withdrawals and Debits

#### Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/15		25.74	Account Analysis Fee ANALYSIS CHARGE APRIL BILLING FOR DETAIL 37555-51966	0879004789

### Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
04/30	12,933.09	12,933.09	05/15	12,925.82	12,925.82
05/05	12,951.56	12,951.56	05/29	12,925.82	12,925.82

BankofAmericaCLT02a 6/22/2009 11:36:01 AM PAGE 2/003 ID=8882945658

TO:Ernie COMPANY:

CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2405

Account Number 3755551953  
01 01 152 01 M0000 B# 1  
Last Statement: 04/30/2009  
This Statement: 05/29/2009

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION #08-03423  
GENERAL PAYABLES ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

Customer Service  
1-877-757-8233

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Bankruptcy Case Number: 0803423

ANALYZED CHECKINGAccount Summary Information

Statement Period 05/01/2009 - 05/29/2009	Statement Beginning Balance	144,821.55
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 1	Amount of Checks	1,056.42
Number of Other Debits 1	Amount of Other Debits	148.30
	Statement Ending Balance	143,616.83
Number of Enclosures 1	Service Charge	.00

Withdrawals and DebitsChecks

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20120	1,056.42	05/04	1892839286				

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/15		148.30	Account Analysis Fee ANALYSIS CHARGE APRIL BILLING FOR DETAIL 37555-51953	08790047896

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
04/30	144,821.55	144,821.55	05/15	143,616.83	143,616.83
05/04	143,765.13	143,765.13	05/29	143,616.83	143,616.83